

31 December 2000

11 EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

The aggregate amounts of the directors' emoluments are as follows:-

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Fees	200	160
Basic salaries, housing allowances, other allowances and benefits in kind	6,724	4,749
Pension contributions	276	95
	<u>7,200</u>	<u>5,004</u>

Directors' emoluments include directors' fees of HK\$200,000 (1999: HK\$160,000) and other emoluments of HK\$150,000 (1999: HK\$ nil) payable to the non-executive directors.

The numbers of directors whose emoluments for the year fell within the designated bands are as follows:-

	Number of directors	
	2000	1999
HK\$		
up to 1,000,000	5	7
1,000,001 – 1,500,000	1	1
2,000,001 – 2,500,000	2	1

No director has waived emoluments in respect of the years ended 31 December 2000 and 1999.

Pursuant to the Company's Share Option Plan, the Company has granted share options to the directors. Details of the share options held by the directors are set out on page 13 in the Report of the Directors.

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11 EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES (CONT'D)

(b) Five highest paid employees' emoluments

Among the five top-paid employees, one (1999: one) is an executive director whose remuneration is disclosed above. The total remuneration of the other four (1999: four) highest paid employees, disclosed pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), is as follows:-

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Basic salaries, housing allowances, other allowances and benefits in kind	9,218	8,434
Pension contributions	231	232
Compensation for loss of office	3,523	-
	<u>12,972</u>	<u>8,666</u>

The emoluments of these highest paid employees fell within the following bands:-

HK\$	Number of employees	
	2000	1999
1,500,001 – 2,000,000	-	2
2,000,001 – 2,500,000	1	1
2,500,001 – 3,000,000	1	1
3,000,001 – 3,500,000	1	-
4,500,001 – 5,000,000	1	-

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12 FIXED ASSETS – GROUP

	Investment property HK\$'000	Machinery and equipment HK\$'000	Office furniture and fixtures HK\$'000	Moulds and tools HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Computer software HK\$'000	Total HK\$'000
Cost or valuation								
At 1 January 2000	–	1,737	37,035	324,896	4,730	19,076	17,482	404,956
Exchange movement	–	1	(91)	–	(233)	(47)	67	(303)
Additions	25,002	–	260	1,447	500	1,036	351	28,596
Surplus on revaluation	1,718	–	–	–	–	–	–	1,718
Disposals	–	(123)	(3,024)	–	(2,432)	(3,777)	(411)	(9,767)
At 31 December 2000	26,720	1,615	34,180	326,343	2,565	16,288	17,489	425,200
Accumulated depreciation								
At 1 January 2000	–	1,669	23,393	324,896	3,105	14,978	1,931	369,972
Exchange movement	–	1	(80)	–	(91)	(29)	7	(192)
Charge for the year	–	36	5,623	1,447	50	2,271	3,445	12,872
Disposals	–	(123)	(2,246)	–	(949)	(3,563)	–	(6,881)
At 31 December 2000	–	1,583	26,690	326,343	2,115	13,657	5,383	375,771
Net book value								
At 31 December 2000	26,720	32	7,490	–	450	2,631	12,106	49,429
At 31 December 1999	–	68	13,642	–	1,625	4,098	15,551	34,984

The investment property is a residential property with car parking space and is held under a medium term lease of between 10 to 50 years in Hong Kong. The investment property was revalued by B.I. Appraisals Limited, an independent professional valuer, on an open market value basis as at 31 December 2000. Other fixed assets are stated at cost.

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13 INVESTMENT IN SUBSIDIARIES – COMPANY

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Unlisted shares, at cost	543,891	543,891
Less : Provision for permanent diminution in value	<u>(298,995)</u>	<u>(295,685)</u>
	244,896	248,206
Amounts due from subsidiaries	196,985	280,814
Amounts due to subsidiaries	<u>(201,150)</u>	<u>(195,610)</u>
	<u>240,731</u>	<u>333,410</u>

The amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Details of the principal subsidiaries of the Company as at 31 December 2000 are as follows:-

Name of company	Country/ place of incorporation	Total issued and fully paid shares	Effective percentage holding	Nature of business and place of operation
Shares held directly :-				
Playmates Asia Services Limited	The British Virgin Islands	1 ordinary share of US\$1	100	Provision of services, based in Hong Kong
Playmates Inc.	U.S.A.	30,000,000 common stock of US\$0.01 each	100	Investment holding of subsidiaries operating in the U.S.A.
Playmates Toys Investments Limited (formerly known as Playmates Toys Limited)	The British Virgin Islands	100 ordinary shares of US\$1 each	100	Investment holding in Hong Kong
Profit Point Limited	The British Virgin Islands	1 ordinary share of US\$1	100	Portfolio investments in Hong Kong
Shares held indirectly :-				
Autoestate Properties Limited	The British Virgin Islands	1 ordinary share of US\$1	100	Investment holding in Hong Kong
Cityway Properties Limited	The British Virgin Islands	1 ordinary share of US\$1	100	Property investment in Hong Kong
Playmates Toys Inc.	U.S.A.	120,000 common stock of US\$30 each	100	Toys development, marketing and distribution in the U.S.A.
Regarding Play Inc.	U.S.A.	200,000 common stock of US\$0.01 each	90	Toys development, marketing and distribution in the U.S.A.

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The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

14 INVESTMENT IN ASSOCIATED COMPANIES – GROUP

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Share of net assets other than goodwill	16,549	27,683
Share of goodwill	12,176	–
	<u>28,725</u>	<u>27,683</u>
Loan to an associated company	12,999	–
	<u>41,724</u>	<u>27,683</u>
Investment at cost, unlisted shares	<u>18,078</u>	<u>18,077</u>

As at 31 December 2000, the Group held interests in the following associated companies:-

Name of company	Place of incorporation	Particulars of issued shares held	Effective percentage holding
Unimax Holdings Limited ("Unimax")	The British Virgin Islands	Ordinary shares of US\$1 each	49
Nippon Toys Limited ("NTL")	Hong Kong	Ordinary shares of HK\$1 each	50

The associated companies are held indirectly by the Company.

Unimax is an investment holding company whose subsidiaries are principally engaged in the design and marketing of pre-school toys and dolls.

The principal business of NTL is to develop and act as sourcing and purchasing agent of finished products such as toys, novelties, sales promotion items, premiums and gift products.

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15 INVESTMENT IN SECURITIES – GROUP

(a) Investment securities

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Equity securities listed in Hong Kong		
– at carrying value on the equity basis of accounting at the date the investment ceased to be an associated company	–	224,805
– at carrying value when other investment was reclassified as investment securities	–	49,868
	<u>–</u>	<u>274,673</u>
Provision	–	(11,266)
	<u>–</u>	<u>263,407</u>
Unlisted shares, at cost	–	50
	<u>–</u>	<u>263,457</u>
	<u>–</u>	<u>263,457</u>
Market value of listed shares	–	85,224
	<u>–</u>	<u>85,224</u>

The Group's interests in investment securities at 31 December 1999 consisted principally of approximately 245 million ordinary shares in ICG Asia Limited ("ICG") (formerly known as Harbour Ring International Holdings Limited) and approximately 34 million ordinary shares in Prestige Properties Holdings Limited ("PPHL"), representing approximately 14.2% and 5.1% of the then issued share capital of the respective companies. During the year, the Group disposed of its entire shareholdings in PPHL. In addition, following the restructuring by ICG in its share capital and the subsequent disposal by the Group of approximately half of its shareholdings in ICG, the Group's interest in ICG has been reduced significantly to 2.1% of ICG's enlarged issued share capital. Accordingly, the Group's existing interests in ICG as at 31 December 2000 has been reclassified as other investments instead of investment securities, (see note 15(b) below) to reflect the change in the circumstances as described above.

(b) Other investments

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Non-current		
– equity securities listed in Hong Kong, at market value	<u>50,473</u>	<u>–</u>
Current		
– equity securities listed in Hong Kong, at market value	<u>28,013</u>	<u>169</u>

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16 INVENTORIES – GROUP

At 31 December 2000, inventories that are carried at net realisable value amounted to HK\$19,211,000 (1999: HK\$5,437,000).

17 TRADE RECEIVABLES – GROUP

The Group normally trades with its customers on letters of credit at sight or usance or on open accounts with credit term of 60 days on average.

At 31 December 2000, the ageing analysis of the trade receivables were as follows:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Within 30 days	198,055	450,946
31-60 days	6,854	17,495
Over 60 days	26,002	25,081
	<u>230,911</u>	<u>493,522</u>

18 TRADE PAYABLES – GROUP

At 31 December 2000, the ageing analysis of the trade payables were as follows :

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Within 30 days	12,284	46,158
31-60 days	35,927	9,088
Over 60 days	1,081	6,626
	<u>49,292</u>	<u>61,872</u>

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19 SHARE CAPITAL

	Authorised Ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 31 December 2000 and 1999	<u>1,500,000,000</u>	<u>150,000</u>

	Issued and fully paid Ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 1 January 1999 and 1 January 2000	661,065,673	66,107
Exercise of options	13,988,000	1,398
Repurchase of shares	(2,350,000)	(235)
At 31 December 2000	<u>672,703,673</u>	<u>67,270</u>

Share options

Details of the share options granted pursuant to the Share Option Plan of the Company are as follows:-

Date of Grant	Exercise Price HK\$	Number of options				Balance at 31 December 2000
		Balance at 1 January 2000	Granted during the year	Exercised during the year	Lapsed during the year	
15 May 1998	0.586	26,040,000	-	9,486,000	6,772,000	9,782,000
26 August 1998	0.586	800,000	-	320,000	-	480,000
27 May 1999	0.558	8,630,000	-	1,732,000	2,446,000	4,452,000
17 August 1999	0.462	7,500,000	-	1,500,000	-	6,000,000
20 October 1999	0.478	4,750,000	-	950,000	-	3,800,000
22 July 2000	0.690	-	10,190,000	-	1,300,000	8,890,000
		<u>47,720,000</u>	<u>10,190,000</u>	<u>13,988,000</u>	<u>10,518,000</u>	<u>33,404,000</u>

The options are exercisable in stages in accordance with the terms of the Share Option Plan within ten years from their date of granting.

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Share repurchase

During the year, 2,350,000 shares were repurchased by the Company on the Stock Exchange at prices ranging from HK\$0.64 to HK\$0.80 each as follows:-

Month	Number of shares repurchased	Price per share		Aggregate amount paid HK\$'000
		Highest HK\$	Lowest HK\$	
May 2000	588,000	0.80	0.73	452
June 2000	1,762,000	0.79	0.64	1,268

The above shares were cancelled and redeemed upon repurchase and accordingly the issued capital of the Company diminished by the nominal value of those shares. The premium paid on repurchase was charged against the share premium account. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to capital redemption reserve (note 20(a)).

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20 RESERVES

(a) The Group

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Reserve on consolidation HK\$'000	Investment property revaluation reserve HK\$'000	Investments reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
(i) The Company and its subsidiaries								
At 1 January 1999	5,397	347	20,964	-	146,777	(27,259)	380,218	526,444
Exchange differences	-	-	-	-	-	(4,579)	-	(4,579)
Profit for the year	-	-	-	-	-	-	4,396	4,396
Dividends	-	-	-	-	-	-	(206,214)	(206,214)
Release upon disposal of investment securities	-	-	-	-	(6,939)	-	6,939	-
At 1 January 2000	5,397	347	20,964	-	139,838	(31,838)	185,339	320,047
Exchange differences	-	-	-	-	-	1,071	-	1,071
Profit for the year	-	-	-	-	-	-	113,005	113,005
Dividends	-	-	-	-	-	-	(26,473)	(26,473)
Exercise of share options	6,462	-	-	-	-	-	-	6,462
Shares repurchased	(1,485)	235	-	-	-	-	(235)	(1,485)
Release upon disposal of investment securities and reclassification to other investments	-	-	-	-	(83,619)	-	83,619	-
Deficit on revaluation of other investments	-	-	-	-	(56,219)	-	56,219	-
Surplus on revaluation of investment property (note 12)	-	-	-	1,718	-	-	-	1,718
At 31 December 2000	10,374	582	20,964	1,718	-	(30,767)	411,474	414,345